Commentary:

The Myth of Greater China? Hong Kong as a prototype of Taiwan for Unification

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Introduction

The issue of China and Taiwan has long been receiving attention, not only in Asia but also the other side of the world. As early as the 1950s, US President Harry S. Truman declared that America would perform 'lawful and necessary functions in that area' (Wachman 2001) should China attempt to occupy Taiwan (or 'Formosa') at that time. Dragging over decades, whether Taiwan should unify with China, declare independence, or remain unchanged, is still a popular topic within academia as well with the public. Positions on the subject form the basis for the main ideological and electoral platforms of the two dominant parties, the Kuomintang (KMT) and the Democratic Progressive Party (DPP).

While discussion and negotiation over Taiwan remains on-going, Hong Kong, which was ceded to the United Kingdom in the nineteenth century, was returned to China in 1997, ending 150 years of British colonial rule. Similarly, Macau was also restored to the Chinese motherland in 1999. With these former Chinese territories returned to China, it is not surprising that Taiwan - though very different from the cases of Hong Kong and Macau in terms of size, location, historical background, colonial status, military ability and sovereignty (Bundy 1989) - has also become a target for integration into a Greater China. However, rather than use coercion, which was China's main strategy in the 1990s, the PRC, observing that force is impractical due to China's tumultuous and unstable internal situation as well as external pressure, is currently adopting a softer strategy. Instead, China wants to prepare a path to unification by establishing confidence in rule from China. As analysed by Hughes (2001), the principle of Beijing's policy of 'peaceful unification' is that under One Country, Two Systems, 'Taiwan will be brought under PRC rule through a process of economic, social and political integration, facilitated by personal exchanges, cross-Strait trade and investment and joint cultural, sporting and educational activities' (Hughes 2001). Hong Kong and Macau are special administrative regions enjoying differing degrees of autonomy and rights, but they both serve as prototypes for Chinese policy through which the minds and loyalty of Taiwanese can be influenced.

While One Country, Two Systems which was devised by Deng Xiaoping after he resumed his power in the Communist government in 1977 was initially a strategy for Taiwan, it is widely acknowledged that it was subsequently used in Hong Kong which then be used as a model for Taiwan for future unification (Weng 1987, 2002; Bundy 1989; Cooney 1997; Yu 2004; Lo 2007, 2008), and as early as in the late 1990s Taiwan, which understood the implications of Hong Kong's handover, has been keeping an eye on domestic politics in Hong Kong in order to interpret interaction with China (Neilan 1997). This paper aims to examine how China uses Hong Kong as a model, in both its political and economic aspects, for resolving political and sovereignty problems in Taiwan. It begins by outlining the framework of 'Greater China', and argues that although economic unification might become a reality, the complicated political context means that Hong Kong is becoming increasingly irrelevant as model for demonstrating future unification. Hong Kong seems to present a rather successful model for Taiwan in its economic aspect, but it is here argued that politically, One Country Two Systems, which fails to uphold high degree of autonomy in the post-1997 Hong Kong, has instead highlights the contrasting socio-political situation in Hong Kong and Taiwan that pushes away the dream of Greater China. Meanwhile, unlike the situation of Hong Kong, in which people played very little roles in the negotiation of the future of Hong Kong in the 1980s, Taiwan, being a democratic entity, is argued that it would lead a rather different path ahead.

The Concept of 'Greater China'

The concept of 'unification' is culturally dominant in the Chinese society. The reunion of the family during Chinese Lunar New year and Winter Solstice is a traditional Chinese occasion to which Chinese people give the highest importance; China, which underwent a series of external and civil wars in past centuries, was divided into parts with some lands ceded to other powers. With unification such a strong concept, China has in recent decades actively implemented strategies and policies for future reunification into a 'Greater China' (da zhong guo, or da zhong hua 大中華), a term that has been broadly used since the 1980s and which has received increasing attention in academia. It is not an easy task to conceptualize the term 'greater', as the different levels of meaning and interpretation embedded in historical, cultural and political understandings have made it into a complex and multi-faceted phenomenon. Both Harding (1993) and G.W. Wang (1993) have suggested that Greater China can be understood differently, depending on whether the emphasis for interpretation is on politics, culture or economics. It is true that in the first instance, Greater China was more to be understood in terms of economic cooperation, mainly emphasizing on the close ties between China, Hong Kong, Macau, Taiwan and Singapore - all of which are in close geographical proximity and composed of majority Chinese populations. Yahuda (1993) has also indicated that this is an 'informal' aspect of intramural relations of Greater China, as their economic networks are based more on social links between overseas Chinese sharing the same ancestral background and 'network of relationships (guanxi)' (Yahuda 1993: 688), rather than institutionalized or legal forms of interactions.

There is no doubt that, economically and culturally, increasingly frequent contact and cooperation has made the relationship between these countries more interdependent. With close proximity, and sharing family ties, ancestral roots, culture as well as language, China, Hong Kong and Taiwan demonstrate a transnational Chinese economy and cultural orbit in the Asia-Pacific region. Although direct economic activities between China and Taiwan started only after mid-1990s, exports and imports, trade and investment through Hong Kong have long been prosperous since Cold War period and soared after Deng Xiaoping adopted the Open Door policy in 1978. While the 'Chinese network' including China, Hong Kong, Taiwan, Macau and Singapore which are mainly composed of Chinese communities in Southeast Asia, in Cooper's (2003) words, had implied a closer framework for economic activities and business, it is worth noting that political unification is not a necessary prerequisite. 'Greater China' has been used widely within academia and the media to refer to economic and business investment among China, Hong Kong and Taiwan, but very rarely to refer to integration in political sense or political unification as an obligatory condition for economic cooperation. In other words, an apolitical implication is stressed here, with the concept solely emphasizing economic cooperation and links among Chinese communities in Southeast Asia. Naughton (1997) has also given some insight on the concept of 'Greater China', which is mainly understood in economic terms. He points out the three tiers of the China Circle: the first, smallest, circle incorporates mainly the Hong Kong metropolitan area, while Taiwan and Hong Kong are both included in the second and third circles.

However, it is striking to observe that this apolitical framework has gradually been embedded in a more political sense, under circumstances that hint at the unification of these places. Hong Kong, as mentioned above, returned to China in 1997, and Taiwan has become the focus for discussion when defining 'Greater China' in a way that is multi-dimensional and political. While 'Greater' on one hand focuses on the dynamic process of economic activities and integration within an apolitical framework, it also suggests 'the state's expansion of its political boundaries to include territories formerly outside its control' in a political sense (Harding 1993). As a matter of fact, 'there is a general consensus about the composition of political Greater China, but especially as far as Beijing is concerned. It will comprise the PRC, Hong Kong, Macau and Taiwan' (Cooper 2003: 30). In other words, China's understanding about the reunification of these 'lost places' is both economically and politically implicated in a Greater China. This political sense has a far-reaching effects not just on China and Taiwan, but also internationally: China taking over Taiwan would be seen as destabilizing the Asian Pacific region, which might lead to military confrontation between the USA, Japan and China. Meanwhile, China is also looking for 'Greater China' through economic integration instead of political recognition. The open-door policy advocated by Deng, and the closer commercial ties with both Hong Kong and Taiwan that followed later, show China's ambition. As Ross explains, China's goal is to develop "comprehensive power" - they seek to develop the technological and scientific foundations for developing a world-class advanced economy as the basis for

¹ Direct trade and investment only started after the launch of 'Three Mini Links' allowing limited postal, transportation and trade links between some cities in 1994.

expanded international economic and military influence' (Ross 1995: 83). In this sense, Hong Kong and Taiwan play a prominent role during the integration process within Naughton's third concentric circle, incorporating not only economic activities with Taiwan and Hong Kong, but also closer economic relations with countries in Asia such as Japan, South Korea and the ASEAN (Association of Southeast Asian Nations) countries.

Rule over Hong Kong: One County, Two Systems and Economic Integration

One Country, Two Systems and economic integration are very crucial strategies that have been used by China to reunite and rule over Hong Kong since 1997. It is striking, though, that the term 'One Country, Two Systems' is not a policy tailor-made for Hong Kong as the Special Administrative Region (SAR) from 1997, but was actually conceived by Deng Xiao-ping in the late 1970s².

The Origin of One Country, Two Systems: The Taiwan Experience

As stated above, the first step towards the unification of 'one China' started with Hong Kong, and later included Macau. Under the Sino-British Joint Declaration, Hong Kong is guaranteed a high level of autonomy for fifty years (until 2047). However, the model of One Country, Two Systems as an expression China's desire for unification long predates the Declaration. As part of 'early stage socialism' and a 'socialist market economy' (Weng 2002), One Country, Two Systems was originally a strategy of China for unifying Taiwan, and it was later incorporated into the Hong Kong Basic Law during the handover. In the late 1970s, Deng sought to make China a strong nation both domestically and internationally, but he also wished to re-build the relationship with and reunify with Taiwan. In 1979, a 'message to Taiwan Compatriots' was issued, 'calling for the end of hostilities and the beginning of cross-Strait links and exchanges' (Weng 2002). Despite the refusal of the Kuomintang government in Taiwan, expressed through the 'three-nos policy' (no contact, no compromise, and no negotiation with communist China), China's desire remained strong, and, gradually, a more open and concrete policy was created envisioning peaceful unification through 'One Country, Two Systems'. In 1981, while anti-hegemonic reunification was identified as one of the three national tasks, a 'Nine-Point Proposal' (the 'Ye Nine Points') was released by the chairman of the Standing Committee of China, Ye Jianying, in September 1981. This restated the terms and conditions for unification, emphasizing negotiation and cooperation between the Chinese Communist Party and the Taiwan Kuomintang through three links (postal, commercial and navigation links) and four exchanges (tourist, academic, cultural and sports exchanges), as well as autonomy on local and domestic affairs. This initial model for One Country, Two Systems became the strategy for China's reunification with Hong Kong, Macau and Taiwan. The formation of a SAR was first listed in the Constitution in China in 1982, and this gave One Country, Two Systems a clearer status.

² Deng resumed his power in the Communist government 1977 after the third purge and he proposed the reunification of Taiwan

Hong Kong's One Country, Two Systems as a blueprint for Taiwan

As several scholars have argued, the One Country, Two Systems model practised in Hong Kong by China is a way to demonstrate to Taiwan further steps to unification in the future (Cheng and Ngok 1999; Sung 2005). In 1992, the last Governor of Hong Kong, Chris Patten, and three legislative council members representing different parties told interviewers that they recognized the fact that negotiating One Country, Two Systems in the Basic Law had ramifications with Taiwan in mind, and that Hong Kong's One Country, Two Systems was a model for Taiwan to retain a high level of autonomy and democracy within the country:

One country, Two systems' is a policy with Taiwan in mind. Hong Kong was an issue in the latest Taiwanese election. The Taiwanese view PRC behavior with Hong Kong as a model.

(Governor Chris Patten, quoted in Gordonan and Wong 1994)

Originally, China wanted to tackle Taiwan unification first, but they found that the British were so obliging, that they turned to Hong Kong unification first. They are still trying to entice Taiwan on more or less the same formula – one country, two systems. Except that Taiwan continues with their own army, which is a big difference. But Taiwan is looking to HK, since if it doesn't work here, why should they have it? I think Taiwan wants confederacy.

(Martin Lee, Legislative Council member, quoted in Gordon and Wong 1994)

As stated above, One Country, Two Systems was originally designed for unification with Taiwan. Due to the refusal of the Taiwan government to engage on the issue of unification while the use of force or violence is impossible, China has adopted a two-handed strategy to regain confidence and win the popularity of Taiwanese people. The practice of One Country, Two Systems in Hong Kong as a result has become a model for Taiwan to demonstrate that social values, legal concepts and lifestyles will remain unchanged while political stability and prosperity will continue.

The Hong Kong One Country, Two Systems Model

The Hong Kong model of One Country, Two Systems was introduced by Deng in 1984, during the signing of Sino-British Joint Declaration, on the model of China's strategy for Taiwan. As the term implies, Hong Kong, even though it belongs to the 'one China', does not need to follow China's socialist system. As the Constitution states:

The socialist system and policies shall not be practised in the Hong Kong Special Administrative Region, and the previous capitalist system and way of life shall remain unchanged for 50 years.

The basic ideas of the policy, as defined in the Basic Law promulgated in 1990, include adhering to one country and safeguarding national sovereignty; upholding

the arrangement of keeping the system basically unchanged; and safeguarding stability and prosperity. Hong Kong was established as a Special Administrative Region, as authorized by Article 31 of the PRC Constitution.

After 150 years of colonial rule, this was the first experience of local political power over this piece of land which means Hong Kong is supposed to start its time of 'Hong Kong people governing Hong Kong' (Cao 2008). The HKSAR government is limited to responsibility for domestic affairs only, but its remit encompasses legislative, executive, and independent judicial powers, including power of final adjudication, and over immigration and customs, public finances, internal public policies and currencies etc. within the framework of Basic Law. Control over diplomatic relations and national defense still rests in the hands of China. Under this system, two teams are formed in HKSAR: the Hong Kong SAR establishment team, which includes the Chief Executive, Principal Officials, and members of the Executive Council, the civil service, the judiciary and other personnel administrating the justice system; and Central and Mainland Authority cadres, responsible for carrying out work in Hong Kong that comes under the Central Government and their external organs. Also, as explicitly suggested in the Joint Declaration, there is also a fully elected legislature, rather than the appointed legislature of the colonial period.

Given high degree of autonomy, Hong Kong SAR is supposed to govern itself with its own elected officials without interference in local affairs until 2047, following the One Country, Two Systems model. However, there is doubt over whether this is indeed the case, and whether the model has been properly enforced.

Economic integration: the signing of CEPA

One Country, Two Systems provides a framework for self-governance by Hong Kong people, and it is undeniable that financial and economic autonomy have been granted as guaranteed in the Basic Law (Horlemann 2003). However, the central government of China has also been taking further steps to integrate with Hong Kong, especially in terms of economic policies. As Takeuchi (2006) observes, integration is not a necessary requirement for unification, but the fact that Hong Kong is getting closer to and becoming more integrated with China, especially on economic areas, is very obvious.

Economic integration didn't start only after the handover to China: Hong Kong has played an important role in financing the industrialization and modernization of China in the past decades through trade, remittances, investment, and travel and tourism (Jao 1983), and it has benefited from China's modernization through introducing new industries and expanding foreign investment activities in China (Chen 1983). Such strong ties and inter-dependence are not surprising given cultural, ethnic and geographical factors. Since the 'open door' reform in China starting in the late 1970s, Hong Kong, as an *entrepôt* for China's hinterland in Guangdong, has built a close trading relationship and became the largest trading

partner³ with Mainland China (Johnson 2001). ⁴ The establishment of the Special Economic Zones (SEZs) on the southeastern coast of China around Hong Kong and Taiwan also played an important role, boosting trade and business with Guangdong District since the 1990s. Also, economic integration also means 'the lowering of barriers to economic interactions across countries or regions, thereby facilitating trade and investment'⁵ (Sung 1996: 186). Further economic integration between HKSAR and China after 1997 is also noted by Sung (2005). Using Hong Kong as a testing ground for further foreign trade and investment in the future, China increased cooperation with Hong Kong on infrastructure development and economic policies. In 1999, a joint committee consisting of the Mainland's Ministry of Foreign Trade and Economic Cooperation (MOFTEC) and Hong Kong's Trade and Industry Bureau was set up to strengthen communication and coordination on economic, business and trade issues.

Another essential element is the Closer Economic Partnership Arrangement (CEPA), the first Free Trade Agreement (FTA) made within a country (Mainland and SAR), which was signed between China and Hong Kong on 29 June 2003, to take effect from 1 January 2004. CEPA aims to facilitate stronger economic ties and to promote economic prosperity in both places. This is obviously a measure by which China can develop economic integration with Hong Kong while also demonstrating to Taiwan China's friendliness towards its SAR. There are three main areas to CEPA: trade in goods, trade in services, and trade and investment. It granted zero tariffs to Hong Kong manufacturers in 273 product categories, including economic goods, textiles, jewelry and watches etc. from 2005, and for a further 4,000 products after 2006. Hong Kong companies thus have preferential access on wider range of service industries, and have entered the Mainland market. It is not surprising that these opportunities would help and encourage Hong Kong professionals and residents to establish business or work in China. It also means that Hong Kong businesses can partner with foreign companies which wish to explore China's market. Hong Kong, as always, acts as a door to both China and to foreign companies looking for a future business opportunity. Also, cooperation in tourism and the mutual recognition of professional qualifications has encouraged a closer bilateral relationship, which undoubtedly is a step forward to integration.6

Through friendly economic policies, China aims to give a good impression to people in Hong Kong and to the world that the 'new master' is doing all it can to support and maintain the prosperity and stability of Hong Kong. It is argued that

³ Hong Kong had become China's important partner. In 1991, exports to Hong Kong accounted for 45% of China's exports, and exports to China accounted for 25% of Hong Kong's exports (Sung, 1996).

⁴ Sung's (1997) research on trade and investment between China and Hong Kong in the 1990s give a clear picture on how close the relationship was in the Hong Kong- China economic nexus.

⁵ For example, Institutional channels such as establishment of free trade areas or granting mutual discriminatory preferences.

⁶ In contrast, due to the fact that Hong Kong has been over-run with tourists from Mainland and some relevant problems, the initial purpose of integration through tourism has shown an opposite effect.

Hong Kong is a small, yet developed, market, and when the benefits gained from CEPA are examined, Hong Kong seems to be at an advantage. However, in the long run, CEPA is definitely favorable to China, by facilitating investment and trade. With Hong Kong, China can help its service industries to enter the world market and adapt to global competition. It is obvious that this economic integration functions as a demonstration to Taiwan and prepared the way for the economic agreement with Taiwan in 2010. Using the experience on Hong Kong, China will ultimately further its step forward aiming for political integration which helps fulfil its Greater China dream.

Implications for Taiwan: Political and Economic Aspects

The return of Hong Kong to China has had an extensive effect, not only locally but also affecting Taiwan. China, observing that how it governs Hong Kong will be the mirror for Taiwan, has grabbed the opportunity to demonstrate how friendly China is after unification. Whether or not the means are successful – discussed in the later part of this paper – China wants to draw Taiwan's attention to two aspects: politically, the guarantee of autonomy under One Country, Two Systems, and, economically, the advantage the Taiwanese have gained from cooperation with China. However, the ultimate goal of China is to unite with Taiwan, and it will be interesting to see how the 'emerging breadth and depth of economic interaction among various sub-regions has led some to argue that trade boundaries are blurring political boundaries' (Khanna 1995: 1).

Political aspect- One Country Two Systems guaranteeing unchanged democracy?

Taiwan, after experiencing long periods of colonial rule by the Netherlands, Spain, Japan, and - as some people might put it - the Chinese Kuomintang, democratized in the early 1990s. Through peaceful, open, competitive, fair and transparent elections, and party reformulations, Taiwan demonstrated its democratic consolidation and is now perceived as one of the world's democratic and liberal regimes. As one of the most democratic countries in Asia, people in Taiwan treasure the value of democracy which they have fought for over the past decades with sweat and blood. Worrying that unification with China might lead to the end of democracy and prosperity in Taiwan, Taiwanese people do not have a high inclination for unification. The brutal Tiananmen Massacre on 4 June 1989 gave a further impetus to both Hong Kong people and Taiwanese who have totally lost confidence in the rule of China. So, in order to establish Taiwan's confidence and trust, it is necessary for the Chinese government to prove to the Taiwanese that democracy and prosperity will continue after unification. Preferring not to use violence or force, to a large extent due to external pressures such as the USA (Wachman 2001), China has chosen to use a soft method, which is to use Hong Kong as a model to win the popularity and trust of the Taiwanese.

⁷ Taiwan has been recognized as a 'free' and democratic country by Freedom House since 2007. See http://www.freedomhouse.org/report/freedom-world/2012/taiwan

Economic aspect: the effect of CEPA on ECFA

Since 1978, China (or Greater China including Hong Kong and Taiwan) has self-evidently developed into one of the most dynamic regions in the world, with clear moves towards economic integration with other global powers. Economic integration within Greater China and involving Hong Kong and Taiwan is a dual-goal policy: first, by observing the different unique strengths and assets of the three locations, China has realized that integration will help accelerate outward economic development that will increase its power not only in the Asia-Pacific region but also around the world. Second, it will serve the ultimate goal of reunification (Van Kemenade 1998). China's active attempt to build economic and commercial ties with Hong Kong and Taiwan is not just about having 'natural economic territories', but also serves a political purpose. As Harding explains:

From Beijing's perspective, economic interaction is viewed as a way of facilitating the eventual political reunification of China. The mainland Chinese government has therefore adopted a series of policies to stimulate commercial relations with Hong Kong and Taiwan, most notably the creation of special economic zones directly opposite them, for political as well as for purely commercial reasons.

(Harding 1993: 666)

While China aims to demonstrate that Taiwan's political stability is guaranteed, it also needs to promote the continuity of economic prosperity, as was the case in Hong Kong SAR in the post-handover period. Rather than focusing on discriminatory tariff preferences, new-style integration⁹ is more flexible, and better accommodates the service trade. CEPA is thus a channel for China to show its friendliness and its sincerity on economic policies. Although political considerations have affected and hindered the process of economic development between China and Taiwan, barriers have disappeared and economic relations have progressed positively. Generally speaking, CEPA has had a long-term and far-reaching effect on Hong Kong, not only due to the advantage preferential access, but possibly in relation to attracting foreign investment; however, it should be noted that there are also uncountable disadvantages for Hong Kong, especially relating to the labour market. Either way, it is a model for Taiwan's further economic cooperation with China. As explained by Sung (2005), 'Politically, the Mainland wants to keep Hong Kong's economy healthy to demonstrate the viability of "one country, two systems", as the formula is also intended for Taiwan' (Sung 2005: 54).

The Economic Cooperation Framework Agreement (ECFA) as T.F. Wang (2009) argues, is actually a copy of CEPA. Similarly to CEPA, ECFA stresses the advantage of the zero tariff, preferential access policy, investment protection, and

⁸ Cheng *et al.* (2007) have highlighted the complementary assets of the three places: China has abundant low-cost resources, Taiwan has advanced technological know-how and capital, while Hong Kong has a strong and sophisticated legal system, financial services and management skills.

⁹ The 'new style' of integration is described by Sung (2005) as referring to policy coordination, as exemplified by APEC (Asian Pacific Economic Community).

enlarging the market in both countries. It is argued that this is beneficial to Taiwan due to China's size and dominance; citing Hong Kong as an example, the Ma government in Taiwan has been lobbying very hard on the advantages of ECFA and advocating the implementation of economic integration with China. ¹⁰ After experiencing the 'economic tsunami' that also affected other Asian countries, Taiwan, seems to see the economic 'success stories' of Hong Kong as a life ring in the ocean, and is looking forward to economic development and the 'ten golden years' that will be a panacea for its economic predicament. As mentioned above, in the short-term, CEPA does have some positive effects for Hong Kong, especially after economic crisis, such as escalating foreign investment, business and trade opportunities. So, it is not surprising that not only businesspeople in Taiwan, but also scholars, ¹¹ have quoted the 'successful' experience of Hong Kong for the Taiwan case.

There are many voices among the public and within Taiwan's political parties raising concerns about ECFA and even highlighting possible negative effects such as increased unemployment. However, at the political level, it is the ideology of the agreement that matters. As stated earlier, economics and trade may blur political boundaries, and this is exactly the case with ECFA. Some people in Taiwan worry that signing ECFA indirectly recognizes the implementation of One Country, Two Systems with Taiwan as a SAR, as well as the full market-economy status of China. Echoing this discourse, T.F. Wang (2009) also agrees that ECFA, as a special arrangement trading arrangement within one country like CEFA, highlights the role of SARs and is implemented under the framework of 'One China' (T.F. Wang 2009).

Whether ECFA receives extensive support in Taiwan, and whether it is beneficial to Taiwan in the long-run, it is undeniable that China's strategy on economic integration and further political integration has taken its first step. CEPA, signed not only for economic integration between China and Hong Kong but as a model for Taiwan, has successfully served its role and paved the path for ECFA. This has an extensive and pervasive effect on the dream of making a Greater China.

The Path to a Greater China? Superficial Success and Fundamental Failure? The Reality and the Concerns of Taiwanese People

Although China has invested a great deal in attempting to show that it has a plausible strategy for unification with Taiwan, there is a contrary perspective that argues that Taiwan and Hong Kong are totally different, and that any success in

¹⁰ President Ma has made comments about the positive effect of ECFA in different circumstances. He suggested Taiwan's as an international logistics centre (see http://www.nownews.com/2009/04/22/301-2440629.htm) and in his debate on ECFA with Chairman Tsai of the DPP in April 2010 he highlighted Taiwan's internationalization and the ten golden years that would come after the signing of ECFA.

¹¹ Professor J.C. Wang of the Chung-Hua Institute for Economic Research has published an article on the website *Economic Forum First Look*, sponsored by the Council for Economic Planning and Development of Taiwan's Executive Yuan of Taiwan, in which he quoted the experience of Hong Kong without much reference on problems and negative effects (see http://www.cier.edu.tw/ct.asp?xltem=11687&ctNode=61&mp=1).

Taiwan on the model of Hong Kong would be superficial and the ultimate result would be failure. In order to assess the feasibility of strategies for unification, it is crucial to address the existing concerns of the majority of the Taiwanese people.

The Reality and Concerns of Taiwanese People

Although Hong Kong's arrangements are supposed to last until 2047, the last 15 years have instead created worries and disappointment about the future, not only for people in Hong Kong but also the people in Taiwan. The promise of One Country, Two Systems has not been kept, and people in Hong Kong and Taiwan undoubtedly feel let down. The interference of judiciary, the deterioration of press freedom, the failure of introducing universal suffrage of the Chief Executive in Hong Kong are some examples that arose not only disappointment but also anger in Hong Kong towards the SAR government under Chinese rule. While it might not have direct influence to Taiwan yet, the resentment of the Hong Kong people has reinforced the distrust and suspicion towards China's rule.

In Hong Kong, even though the constitution itself gives a great deal of space for its people to govern themselves without interference from China, the reality is another story. The practice of Two Systems was violated less than a year after the handover: as Yeung (2001) points out, the Chief Executive, which is elected by committee, not only is responsible to the people of Hong Kong, but it also serves a second master, the central government of China. Taking the Chief Executive 'as an institutional authority with legitimacy coming from the central government' (Yeung 2001), China actively but indirectly interferes with Hong Kong's domestic affairs. A promise that the Chief Executive would be elected directly has been broken, and China has challenged the independence of the judiciary system and the rule of law. This demonstrates the breakdown One Country, Two Systems.

It is self-evident that China has been actively pursuing the target of 'one country', neglecting and overlooking 'two systems'. Echoing Takeuchi (2006), Bowring (2007) also questions whether One Country, Two Systems in Hong Kong is fading away:

This territory's separate status under the 'one country-two systems' concept is supposed to be good for 50 years from 1997. But recent events suggest that Hong Kong could, for all practical purposes, be re-absorbed long before 2047.

(Bowring 2007)

¹² According to Article 158 of the Basic Law, Hong Kong courts are authorized to interpret the Law when adjudicating cases. Yet there have been four cases in which the law has instead been interpreted by the Standing Committee of the National People's Congress (NPCSC) since the handover, and this has been seen as a serious violation of the concept of an independent judiciary as conceptualized in One Country, Two Systems. These cases include decisions about right of abode, the term of the Chief Executive, direct elections for Chief Executive, and Hong Kong's foreign relations. Of these, the decision about right of abode in 1999 was the most significant (Cheng and Ngok 1999).

Referring to the annual policy address of the Chief Executive Donald Tsang n 2007, Bowring points out that the focus was one 'one country' rather than 'two systems', and attempting to make Hong Kong people think that they do not have many differences with the Mainland.

It is clear that the Hong Kong One Country, Two Systems model has been fading away during after the first decade since 1997, and that official discourse has instead emphasized benefits from China through integration. As Yeung (2001) concludes, there seems to be a gap between the promises and reality of One Country, two Systems. As a strategy, China emphasizes a high degree of autonomy as a guarantee of political stability, but One Country, Two System is actually like 'a slap in its own face', showing up weaknesses and potential conflict after reunification.

Cooney (1997) suggests that One Country, Two Systems might be a feasible model for Hong Kong, a place which has never experienced full degree of democracy, but its feasibility and applicability on Taiwan, which has achieved a much larger degree of autonomy and accountability, remains in serious doubt:

The PRC's OCTS [One Country, Two Systems] model may once have been a feasible plan for the peaceful reunification of China, but it has been overtaken by fundamental political and constitutional reform on Taiwan. OCTS was originally designed to deal with the features of a colonial or authoritarian regime.

(Cooney 1997: 546)

Similarly, the extent to which the premise of 'One Country' – i.e. 'One China' – can be accepted and applied in Taiwan is also in serious doubt. As Weng has added: "two systems" cannot be juxtaposed unless the "One China principle" is upheld first' (Weng 2002: 730).

As well as the dismal-looking future under One Country, Two Systems, the emergence of Taiwanese identity may also be a big obstacle in the path of unification. Shen and Wu (2008) indicate that ethnic and civic nationalisms in Taiwan help to form and consolidate the Taiwanese nation. Alongside the process of democratization, there is growing sense of a shared history and of an 'in group' that includes 'Mainlanders' who migrated to Taiwan after 1949 and their descendants, and the native Taiwanese. The 'New Taiwanese' identity promoted by President Teng-hui Lee¹³ during the Taipei City mayoral elections in 1998, and the advocating of Taiwanese nationalism under President Shui-bian Chen,¹⁴ has no doubt given Taiwanese people a new way to reconsider their identity, and this

¹³ 'New Taiwanese' is a term coined by President Teng-hui Lee during the 1998 Taipei City mayoral election, Lee suggested that being a 'New Taiwanese' did not depend on where someone was born or their ancestry.

¹⁴ Policies highlighting Taiwan sovereignty and national identity have been put forward since 2000, when Shiu-bian Chen of the DPP was elected President of Taiwan. Schubert and Braig (2011) note how Taiwanese nationalism has been integrated into its domestic politics through educational policies, the remembrance of the 228 Incident and other political discourses.

idea of 'nation-state' and Taiwanese identity has provided a platform for political unity on the island (Stockton 2008).

This has led to doubts about the One China goal, and encouraged Taiwanese people to examine critically the current strategy. Weng (2002) argues that Taiwanese people have five concerns in relation to the Hong Kong model: autonomy, the political system, civil liberties, the rule of law, and Taiwan–Hong Kong relations. Going through a difficult path towards democratization, Taiwanese people treasure what they now have, and it is not surprising that discussions about unification, when not concerned with economic advantage, focus on the political and social situation in Hong Kong. Democratization in Taiwan also creates a bigger gap between the political and social situation of Taiwan and China, making unification less practical. As Hughes notes:

Pointing out the difference in political systems between the two sides of the Strait is not just a matter of principle. It also has important practical implications for the limits of Beijing's unification policy. This is because the more democratic Taiwan becomes, the more important it is for Beijing to correctly gauge the amount of pressure it can put on Taiwan before it becomes counterproductive.

(Hughes 2001: 16)

China has put so much effort into establishing a positive image for Taiwan through One Country, Two Systems, but its failure to sustain the promise has left Taiwan with a dim and pessimistic view of the future. The Mainlandization policy (Lo 2008), ¹⁵ the lack integrity in the electoral system, ¹⁶ the failed promise of universal elections, ¹⁷ the suppression of press freedom and freedom of speech, ¹⁸

¹⁵ As Lo (2008) explains, a Mainlandization policy was introduced during the Tung Cheehwa era. It attempted to make HKSAR not only economically, but also politically, legally and socially converge with and reliant on China. For instance, there were changes in the administrative system and civil service, as well as in the media.

¹⁶ Regarded as fake democratic city, Hong Kong demonstrates a fake democratic election system, in which there are sixty seats representing the geographical constituencies, thirty seats representing the functional constituencies, and a further thirty elected through smaller closed elections within business sectors inside the unicameral Legislative Council.

¹⁷ Although Articles 45 and 68 of the Basic Law stated that the Chief Executive should be elected directly from 2007, and all seats of the Legislative Council in 2008, the controversy was finally settled through an interpretation of the Basic Law by the Standing Committee of the National People's Congress. This has been seriously criticized as a violation of judicial independence and a setback in the path of Hong Kong's democratization.

¹⁸ Hong Kong is recognized as 'partly free' by Freedom House, and freedom of the press and of speech has been under threat since the handover. The Hong Kong journalists' group expressed their concerns in July 2011 (see Greenslade 2011). Developments demonstrating the deterioration of press freedom in Hong Kong include the visit of Li Keqiang to the University of Hong Kong in August 2011 (see the *Sun* 2011b and *iSun Affairs* 2011), and the suspension of broadcasts by Albert Cheng and Raymond Wong (see *BBC News* 2004). Journalists' concerns are shared by the people of Hong Kong (see Mak 2012).

the coercive pressure on national education, ¹⁹ and the dismantling of the legal system, as mentioned above, have undoubtedly left Taiwanese people doubtful and apprehensive on prospects for unification. There is also a discourse of 'Hong Kong being marginalized' ²⁰ on political or economic matters, which was widely discussed ten years after the handover (*Apple Daily* 2006a; BBC News 2006; Tsao 2006). Taiwanese people are particularly worried about how social values and the way of life would change after unification. Taiwanese people would need to pay a rather 'high price' (Weng 2002; see also Wachman 2001). Taiwanese people enjoy belonging to one of the most democratic countries in Asia, and would rather not to take the risk of putting themselves in a vulnerable position.

Conclusion

Unification – symbolizing the triumph of the ruler – has always been a traditional Chinese cultural norm. A strong desire to reclaim 'lost places' has in recent decades prompted China to implement political and economic strategies and policies that look towards future reunification and 'Greater China'.

China is acting rationally by adopting various strategies to convey to the Taiwanese people a good impression. Having been independent, Taiwan is very different from Hong Kong and Macau, and might find unification a 'high price' to pay. As Cooper observed: 'Greater China came to have very salient political implications, especially as the "Taiwan issue" became more heated and difficult with rapid democratization on the island' (Cooper 2003: 29). Whether or not One Country, Two Systems and China's economic policies in Hong Kong are genuinely beneficial to Hong Kong, China's strategy of taking Hong Kong as a prototype for Taiwan has had only superficial and limited success, probably due to economic factors in the short term, but more fundamentally because of the contrasting social values of the Chinese Communist Government and Taiwan. There is also the failure of One Country, Two Systems as practiced in Hong Kong. There may be optimism over 'Greater China' as an economic concept, but political unification seems more difficult to imagine. It is true that some Hong Kong people and Taiwanese have greater confidence in China since 1997, as was found by Wong's (1998) review of One Country, Two Systems one year after the handover. Some people in Taiwan seem to welcome the '10 golden years' promised by the signing of ECFA, although they retain serious reservations regarding autonomy, the rule of law, and China's political system.

People in Hong Kong have been compared to a 'boiling frog' (*Liberty Times* 2007; Liu 2007; Chen 2011; *Sun* 2011a; *Apple Daily* 2012a): that is, a frog placed

¹⁹ A series of protests and demonstrations took place in September against the implementation of national education in primary schools, regarded as an attempt to brainwash students with pro-China education (see *BBC News* 2012b)

²⁰ In 2006, Rafael Hui JP, Chief Secretary of the Administration from 2005–2007, wrote a note expressing his concern that Hong Kong would be marginalized at the Forum of the 11th Five-year Programme (see *Apple Daily* 2006a). This concern was also shared in Hong Kong, with journalists, politicians and scholars responding with different points of view. Tsao (2006), a well-known columnist and broadcaster in Hong Kong, indicated how Hong Kong was and would be marginalized (see *Tsao, 2006*).

in cold water that is gradually heated without the frog ever becoming aware of its changing environment.²¹ However, people in Hong Kong have gradually become more aware of their situation, and are now standing up to fight for their rights (Apple Daily 2012b; BBC News 2012a; Mingpao 2011). 22 While Hong Kong was initially regarded as the prototype for Taiwan, due to its political stability and economic prosperity, it is ironic that political unrest and the concern that Hong Kong is becoming marginalized have had the opposite effect. One Country, Two Systems is found not to be genuine, while economic advantage is seen as shortterm and sure to fade away. Taiwan's government focuses on the advantages particularly economic - that China has brought to Hong Kong, and is ready to establish a closer relationship, as is clearly shown by its determination to sign ECFA. However, Hong Kong as a model is becoming increasing problematic, and there is also a stronger sense of Taiwanese identity. While some, such as Lo (2008), might suggest that China needs more flexibility, creativity and innovation in dealing with the Taiwan-China issue in the spirit of One Country, Two Systems, this paper argues that the fundamental ideological issue is sovereignty, and for Taiwan to recognize itself as part of China cannot be achieved in the short term.

There are also other variables, such as the role of countries such as Singapore and the USA (Lo 2008). Their attitudes and diplomatic strategies are also determining factors in the future political destiny of Taiwan.

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²¹ The boiling frog story is originally an experiment conducted by scientists in Cornell University which describes that a frog is slowly boiled alive in water. Being put in boiling water, the frog will jump out immediately avoiding burning while another frog which is placed in cold water that is slowly heated would not perceive any danger and finally cooked death.

The term is now culturally used extensively in different situations as a metaphor to describe the ignorance of people to the changing environment and the slow reaction would eventually lead to an undesirable consequence.

²² Starting from 2003 in which a series of crisis had undergone in Hong Kong including SARS, 'Lexusgate' Scandal of the Financial Secretary Anthony Leung as well as the legislation of the controversial Hong Kong Basic Law Article 23, the 1 July Marches had become a regular and annual event in Hong Kong, in which Hong Kong people stand out to demand for democracy, universal suffrage and express discontentment to the government.

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